



# GENESEE COUNTY ROAD COMMISSION

*Serving the motorists of Genesee County for more than 100 years*

211 W. Oakley Street  
Flint, MI 48503-3995

November 3, 2011  
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Hon. Paul E. Opsommer  
State Representative, 93<sup>rd</sup> District  
124 North Capitol Avenue/P.O. Box 30014  
Lansing, MI 48909-7514

Re: **H.B. 5125/5126**

Dear Representative Opsommer:

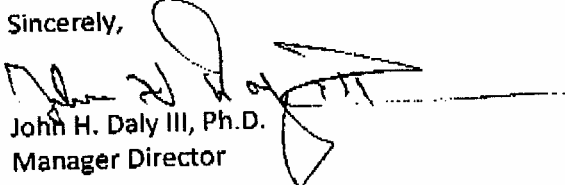
Thank you for the opportunity to testify before the House Transportation Committee concerning H.B. 5125 and 5126. A copy of my testimony is attached.

I would like to add the following comments to the some of the testimony offered yesterday:

- (1) In his testimony, Rep. Jon Switalski indicated that a major benefit of passage of this legislation would be a reduction in the number of road maintenance agencies in Michigan. This is incorrect. If the Board of County Commissioners replaces its respective road commission, as the legislation suggests, it would be numerically a one-for-one exchange and so there would be no change in the number of road maintenance agencies.
- (2) I found the testimony of the representatives from Macomb County interesting. However, since the questions were posed to the voters in Macomb County solely within the context of adopting a county executive form of government, this experience is not pertinent to the question of a County Board of Commissioners should become a road maintenance agency. In fact, as I read the questions put to the voters of Macomb County concerning this matter, had the voters not elected to adopt the county executive form of government, the Road Commission of Macomb County would have remained an independent unit of government at the county level.

The passage of H.B. 5125/5126 is another step down the road of shifting the responsibility for funding of local roads from the state to local units of government without a responding reduction in the level of taxation. With its passage and the suggested increase in the state's share of the Michigan Transportation Fund to "at least 50%", a Board of County Commissioners having jurisdiction over its county road system would be forced to transfer money from its general fund or fund balance to ensure that the county roads remain safe for the motoring public. For these reasons, I remain opposed to this legislation.

Sincerely,

  
John H. Daly III, Ph.D.  
Manager Director

*Our mission, as Genesee County Road Commission employees, is to collectively provide and maintain a safe, cost-efficient and quality county road system for the motorists in Genesee County, Michigan.*

## **Consolidation of Governments Must be Based on Reduced Spending rather than Political Agendas**

Lean budgets bring out the worst behavior in governments.

The concept of consolidating road commissions into the general county government has been resurrected once again in the form of H.B. 5125 and H.B. 5126. Frankly, with this legislation, the Administration is attempting to push the funding for local roads on to local units of government. Consolidation of local units of governments has long been held out as a "silver bullet" solution for Michigan's revenue short falls. This is a strategy that bears closer scrutiny; further, if the objective of consolidation is to reduce the taxpayer's financial burden, then each case must be decided on its own financial merits rather than the satisfaction of a purely political agenda. Consolidation of organizations of similar functions is a more appropriate strategy in today's austere economic environment.

Consolidated purchasing of consumable materials (e.g., road salt, limestone, fuel, etc.) and capital equipment (e.g. trucks, graders, etc.), both at the county and regional levels, are areas where real savings can occur. Currently, the GCRC purchases road salt for many of the local units of government within this county as well as for several units in the surrounding counties. For the past three years, the City of Flint and the GCRC have had a joint purchasing program for road materials, which has resulted in annual savings for each party of over \$26,000; this year, the joint purchasing program was expanded to include the City of Burton.

Bond rating and its impact on the interest rate associated with debt issuance is a key consideration. Currently, the Genesee County Road Commission (GCRC) is rated by Standard & Poor's (S&P) as "AAA"; Genesee County currently is rated by S&P as "A". Last year, the GCRC issued \$5.9 million to fund a large storm water culvert replacement program; had that debt been issued under Genesee County's "A" bond rating the additional interest cost would have been \$532,000 or \$53,200 annually. This is money that would have to be spent on increased interest rather than road maintenance. The cost of general liability and worker's compensation insurance if dissimilar pools of employees are merged is another key consideration in consolidation of local units of government. If a county road commission is absorbed by County government, the county will be responsible for all road and bridge tort liability – present and future.

In my opinion, if this legislation is passed, counties that elect to take over their county road commission will be playing into the Administration's strategy of transferring the funding for local roads from a state source to a local source. In that circumstance, County Board fund balances and future general fund revenues will be an expected source of county road funding by the legislature and county residents. The Administration's funding proposals to change the current P.A. 51 formula from 39.5% to 50% of road money to go the Michigan Department of Transportation and the implementation of a local vehicle registration fee will mandate that County Boards use general fund money to keep their road departments solvent.

The economic challenges faced by local units of government today are difficult and require complex answers. H.B. 5125 and H.B. 5126 represent a short-sighted approach that will result in less money being available for county road maintenance. We owe it to the citizens of Michigan and Genesee County to pursue well thought-out alternatives that will achieve the objectives promised rather than the "one-size-fits-all" approach that this legislation represents.